

## MINUTES – JANUARY 7, 2013

The Caswell County Board of Commissioners met in regular session at the Caswell County Historic Courthouse in Yanceyville, North Carolina at 6:30 p.m. on Monday, January 7, 2013. Members present: Cathy W. Lucas, Chair, Kenneth D. Travis, Vice-Chairman, William E. Carter, Nathaniel Hall, Larry G. Hamlett, Jeremiah Jefferies, and N. Kent Williamson. Also present: Kevin B. Howard, County Manager, Brian Ferrell, County Attorney, and Angela Evans representing The Caswell Messenger. Paula P. Seamster, Clerk to the Board, recorded the minutes.

### MOMENT OF SILENT PRAYER

Chair Lucas opened the meeting with a Moment of Silent Prayer.

### PLEDGE OF ALLEGIANCE

Chair Lucas asked the Board of Commissioners and the citizens present to stand for the Pledge of Allegiance.

### APPROVAL OF AGENDA

Commissioner Jefferies moved, seconded by Commissioner Travis to approve the agenda as amended.

Commissioner Hall stated “Chairman I think we might want to add an amendment to the Closed Session. We have a Closed Session to discuss economic development but I think we want to include personnel also.”

Upon a vote of the motion, the motion carried unanimously.

### APPROVAL OF CONSENT AGENDA

Commissioner Travis moved, seconded by Commissioner Jefferies to approve the Consent Agenda. The motion carried unanimously.

The following items were included on the Consent Agenda:

A. Approval of Minutes of December 17, 2012 Special Meeting

### RECONVENE PUBLIC HEARING – HYCO LAKE ZONING/SUBDIVISION ORDINANCE VARIANCE REQUEST – THOMAS BERRY, POLARIS POINT LLC & KIRK WEST

Mr. Brian Collie stated “Good evening Commissioners.”

Chair Lucas asked “Attorney Ferrell do you need to go through any special procedure at this point?” Mr. Ferrell responded “Just bear in mind that in the context of the variance proceeding

as you were sitting at the last meeting you are now sitting as the Board of Adjustments for the Hyco Lake Zoning Ordinance so again this is a continuation of a quazi-judicial hearing where you are sitting as a fact finding body. You heard evidence at the last meeting. There was some discussion about maybe some further information to be introduced to this board prior to your decision and so this is just a continuation of that fact finding piece of that hearing. Of course no action has been taken by the board so I don't think you have to have some form of formal motion to go into your meeting as the Board of Adjustments, just keep in mind that that is how you are sitting now." Chair Lucas stated "That is what I wanted to call attention to the rest of the board that we are that we are in a quazi-judicial hearing at this point. Thank you."

Mr. Collie stated "As stated in the first meeting in December this is a public hearing to hear a variance request. The applicant wishes to do a variance for the minimum lot size in the Hyco Lake Zoning Ordinance. At the meeting in December it was also talked about a possible text amendment to the Hyco Lake Zoning Ordinance to include the Cluster Development from Person County in order to be able to do this project. I have written out a timeline for the possibility of that and we might be able to talk about that later on. Mr. George Daniel is here who is representing the applicant. That is all I really have unless there are other questions."

Chair Lucas asked "Does anyone have any questions for Mr. Collie?"

Mr. Ferrell stated "I would just like to remind the board that when Mr. Daniel spoke on behalf of the applicant and he will have an opportunity to do so again here in a minute again he mentioned that there were several ways that his client was willing to proceed with the potential development project. This variance application being one of those and of course that is the application pending before you however at the last meeting there was some discussion about this cluster development which is essentially the concept that is embodied in variance application as being an alternative for the variance. There is a variance application before you and unless it is withdrawn it will be ruled on within a reasonable time by this board. There were some alternatives discussed at the last meeting to potentially achieve the development goals so perhaps there is some additional evidence or information that Attorney Daniel would like to present on behalf of the applicant at the present time that the board may want to consider. Other than that I don't know of any other evidence that the board needs to consider."

Chair Lucas asked "Brian at this time could we cover the timeline that Mr. Collie just spoke about as far as what that timeframe would be?" Mr. Ferrell responded "Certainly, everybody should have the same sheet." Chair Lucas stated "The Planning Board is planning to meet January 22<sup>nd</sup> to consider the text amendment proposal. The Person/Caswell Lake Authority shall act as an advisory board during this time. Then January 23<sup>rd</sup> and January 30<sup>th</sup> would be the advertised public notice hearings pursuant to the Hyco Lake Zoning Ordinance. The Planning Board has 30 days to forward their recommendation to the Board of Commissioners. After receiving the recommendation the Board of Commissioners must hold a public hearing. That is one public hearing. If the Planning Board takes action on the proposal at their January 22<sup>nd</sup> meeting a Public Notice will be run in the Caswell Messenger on January 23<sup>rd</sup> and January 20<sup>th</sup> stating the time, date, and reason the Caswell County Board of Commissioners will hold a public hearing for at text amendment to the Hyco Lake Zoning Ordinance to meet the requirements of G.S. 153A-323. Then on February 4<sup>th</sup>, which would be the first meeting of that month, there will

be a public hearing to hear the text amendment on the Planning Board's recommendations and the Lake Authority's comments. The Person/Caswell Authority Chairman will be advised of the time and date of the public hearing. That would be your timeline for a text amendment to the Hyco Lake Zoning Ordinance."

Mr. Ferrell stated "That timeline is according to the State Statute of your Hyco Lake Zoning Ordinance."

Mr. George Daniel stated "I would like to say that I looked at that timeline and that would be a wonderful way to go. The only thing I would ask in the meantime rather than voting up or down the variance tonight Madam Chairman and Board of Commissioners if the variance matter could continue to remain tabled and at the appropriate time whether that be February 4<sup>th</sup> you could always act on that that means we don't have the time requirements that are in place now to file a variance in other words if I withdrew it I would have to turn around and re-file it again so I would ask respectfully if you would just table the variance and then you could proceed in the light of the text amendment for the Hyco Lake Zoning Ordinance and see where that takes us."

Chair Lucas asked "Anything further?" Mr. Daniel responded "No ma'am."

Mr. Ferrell stated "The applicant is entitled to a decision within a reasonable amount of time. You just heard the applicant's attorney say that they are willing to move that decision point to sometime in the future. For purposes of this board sitting as the Board of Adjustment simply you may want to take the suggestion of the applicant and table this matter until further action is taken on the zoning ordinance amendment just adjourn this public hearing on this variance until a time and date certain to the extent that if the February 4<sup>th</sup> sounds like a reasonable time that could be the time and date certain but just to adjourn this meeting to a time and date certain would be the only action you have to take tonight if you want to of course but you are certainly able to move forward on the variance if you want to do that as well."

Chair Lucas asked "Do we have any further evidence that needs to be presented from anyone in the audience? We need to come up with a time and date certain. That would be February 4<sup>th</sup> I would think."

Commissioner Travis moved, seconded by Commissioner Carter to table the variance until February 4<sup>th</sup>. The motion carried unanimously.

Mr. Daniel asked "That was to table the variance and for the text amendment to go to the Planning Board?"

Mr. Ferrell asked "Is it the direction of this board for the Planning Board to proceed with the text amendment at its next meeting?" Chair Lucas responded "That was my understanding."

Commissioner Hall stated "Madam Chair I think it might be good that we take that last action in the form of a motion and send this to the Planning Board for action so it will be clear as to what our expectations are."

Commissioner Hall moved, seconded by Commissioner Jefferies to send the text amendment for the Hyco Lake Zoning Ordinance to the Planning Board so that they can act in accordance with the statutes on it. The motion carried unanimously.

### PUBLIC COMMENTS

Chair Lucas opened the floor for public comments.

Mr. George Daniel stated “Madam Chairman and members of the Board I am here before you again to thank you. Under your leadership Chairman Hall was able to get a unanimous vote to name that bridge in Milton for Senator W. Claire Taylor and Madam Chair you read it yesterday. This is the result the Danville Register on Saturday put ‘He loved Caswell’ larger than the Danville Register and Bee type there. There is a picture of my Mother and my two uncles, former Judge Jim Long is taking a picture and then in the background my daughter always seems to get herself in the picture somehow. I will pass this around. What a wonderful thing it was for those of you that could be there. If you were there we had members from the city council in Yanceyville, members from the city council in Milton, members from the Board of Education, as you can tell I was not properly dressed we were trying to make sure that we pulled everything together. I will tell you that I believe there was between 100 and 150 people there at a bridge dedication. DOT had no idea because when I was talking with them on Thursday trying to iron things out I said now listen how many chairs do you have. She said we have about 15 chairs. I said 15 chairs you have to have more there is going to be a bunch of people so we starting calling the fire departments and they brought chairs there. I can tell you now that the family and I am speaking on behalf of the family thank you so, so much for taking this opportunity to name that bridge and dedicate it to my grandfather which I will say is well deserved and I wanted to thank all those involved. Thank you.”

Chair Lucas asked “Does any of the commissioners have any follow up comments?”

Commissioner Hamlett stated “I saw the sign and it looks good. Thank you for all the work you did to make it happen.”

With no further public comments Chair Lucas closed Public Comments.

### FY 2011 – 2012 AUDIT PRESENTATION

Ms. Jennifer Reese stated “Good evening Madam Chairman and Members of the Board. My name is Jennifer Reese and I am a CPA at Winston, Williams, Creech, and Evans in Oxford, NC. Thanks for letting me be here with you tonight. I am here to present your June 30, 2012 audit. Passed out were two pieces of documentation that you may want to refer to. One is a copy of the slide presentation and the other is a copy of some of the Statement. I think you have a complete statement on your iPads. First of all Caswell County received an unqualified opinion on their June 30, 2012 financial statements. That is the best opinion you can get. As of this time the Statements are still under review at the Local Government Commission. We are waiting to hear word from them usually this time of the year they are kind of backed up. As of this time they are out only in draft format which is how it is presented to the Board tonight. Of course if there are

major changes we would come before you again and present it. Usually the Local Government does not have any major changes they usually just have changes in minor wording. Last year Caswell County received the Certificate of Excellence for June 30, 2011 financial statements and they have currently submitted a copy of the June 30, 2012 report to the GFOA at this time to be considered for the Certificate of Excellence for 2012. We are going to start off looking at Exhibit 1 which is the first page of the statements that were passed out. What we have here is a comparison of the 2011 and 2012 numbers. These are only looking at the Governmental Activities. When I am talking about the Governmental Activities I am talking about the General Fund as well as Special Revenue and Capital Funds. You can see the assets from 2011 to 2012 went up about \$10.3 million. Basically this went up because we had extra cash this year due to the debt that was new in the Detention Center fund. That amounted to about \$4.2 million and we also have a lot of construction going on and that was about \$5.2 million with the Detention Center. That is the reason for the large change in total assets. For total liabilities you see there from 2011 it was about \$4.7 million and it went up to about \$13.4 million. The main reason for that change of about \$8.6 million is the private placement bonds that you got for the Detention Center in the amount of \$8.5 million. We came out with net assets for 2012 for Governmental Activities of \$20,927,756.”

**Statement of Net Assets  
Governmental Activities**

	<u>2011</u>	<u>2012</u>
Total Assets	\$ 24,013,636	\$ 34,385,089
Total Liabilities	<u>4,781,185</u>	<u>13,457,333</u>
Net Assets	\$ 19,232,451	\$ 20,927,756

Ms. Reese continued “We will move on to the Business-Type Activities. There was not a lot of change from one year to the next. The assets went down about \$58,000 from 2011 to 2012 and the liabilities went down about \$18,360 for a total in net assets for Business-Type Activities as of June 30, 2012 \$1,732,936. This all deals with Exhibit 1. Any questions you would like to ask about Exhibit 1?”

**Statement of Net Assets  
Business-Type Activities**

	<u>2011</u>	<u>2012</u>
Total Assets	\$ 1,896,671	\$ 1,838,574
Total Liabilities	<u>123,998</u>	<u>105,638</u>
Net Assets	\$ 1,722,673	\$ 1,732,936

Chair Lucas asked “Would you explain the difference in Governmental and Business-Type Activities?” Ms. Reese responded “Sure. Business-Type are, in your case, you have CDOT and you also have Solid Waste. Business-Types are normally the types of activities that you have that are trying to make money. That is why they are called Business-Type. In the case here you have a Solid Waste Management Fund and then you have CDOT so those are the two Business-Type funds that are trying combined to give you the business-type activities numbers that we looked at. The Governmental Activities is made up of the General Fund as well as all of your Special Revenue Funds such as the Emergency Telephone Fund, the Revolving Loan Fund, and

the Special Grants Fund as well as your Capital Projects Fund such as Scattered Site, County Building Fund, School Capital Projects, Senior Center as well as the Detention Center and those are just some of the examples. We have to break them up in this matter because of the type of funds they are. These numbers are really large and it is really hard to evaluate what is really going on in the County when you look at numbers this large so for most people it is much easier to look at the funds on an individual basis versus getting them on a large scale like this. The next one we are going to go to is the Statement of Activities and if you will turn in your papers that is Exhibit 2. We are going to talk about the Governmental as well as the Business-Type and the total here for the County. Like I said this is on a large scale because you are looking at the County as a whole. In the case here revenues for governmental activities went up about \$928,000. They went from \$22.6 million to about \$23.4 million. These went up because we had more grant funding of about \$629,000 and general revenues went up about \$396,000. General revenues are made up of sales taxes and ad valorem taxes. There were a couple of departments that went up some. Public Safety went up about \$194,000, Human Services went up about \$338,000 and Interest Expense went up about \$203,000. Those are just some of the categories that affected those numbers. Total assets end for the year at \$20,927,756. Moving on to the Business-Type Activities which is still in the same exhibit. We did not have a lot of change here. The main change occurred, revenues only went up about \$5800 so there was very little change there. Expenditures did go up about \$80,000 but that number does include a transfer that was made from CDOT to the General Fund so that is one reason those expenditures went up there.”

Commissioner Hall asked “Ms. Reese can we go back to Business-Type revenue, did we book a receivable in the Business-Types for that transfer?” Ms. Reese responded “It was shown as an expense on the books as a transfer from CDOT to General Fund.” Mr. Howard added “That was transfer to the Capital Fund.”

Chair Lucas asked “So did it go to the Capital Fund or General Fund?” Ms. Reese responded “I will refer you to him to answer that question.” Mr. Howard responded “In the capital program you set up a capital fund so it would be a receivable back. It is not like a loan we made to make a pay back. It was a transfer.”

Ms. Reese asked “Any other questions about Exhibit 2? Okay we will go to the next slide on Governmental Fund Revenues. We are still looking at the General Fund as well as all the other Capital Projects and Special Revenue Funds. In this case you can see looking at the pie chart your biggest area of revenue are going to be your ad valorem taxes and your restricted intergovernmental revenues. Basically the restricted intergovernmental revenues include a lot of grant funding. Your ad valorem tax revenue came in at \$10,048,226 and the restricted intergovernmental revenues were \$8,234,402.”

#### Governmental Fund Revenues



Ms. Reese continued “Next we will look at the Governmental Fund Expenditures. The main places we have expenditures are the largest are Human Services at 34%, Public Safety which is 20% and 19% for Capital Outlay. Of course you have a lot of Capital Outlay going on right now with the detention center project. There have probably been many years that you have not had much in Capital Outlay but in this case you have a lot because of the projects going on.”

### Governmental Fund Expenditures



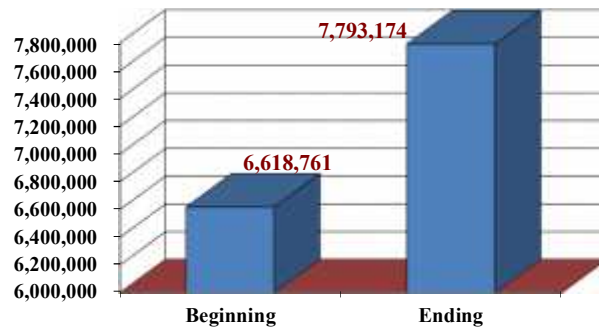
Ms. Reese stated “This slide shows the Proprietary Funds. There are not a lot of differences in the two years. Proprietary are primarily your Business-Type activities that we talked about before. You can see where it did go into the negative a little bit this year as compared to last year but you all did make that transfer to the general fund for some capital improvements. Had you not had that transfer in there it would have still stayed in the positive.”

### Proprietary Funds



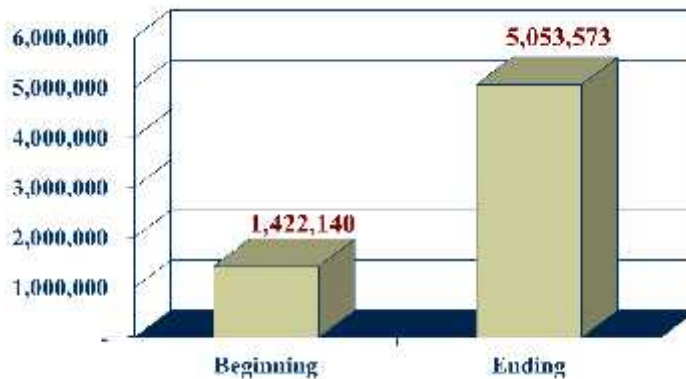
Ms. Reese continued “The next thing we are going to look at is the Fund Balance for the General Fund. The fund balance in the general fund at the beginning of the year was \$6,618,761 and at the end of the year it was \$7,793,174. That was an increase of \$1,174,413 which is great because that means your general fund balance went up and that is where you want it to.”

### Fund Balance- General Fund



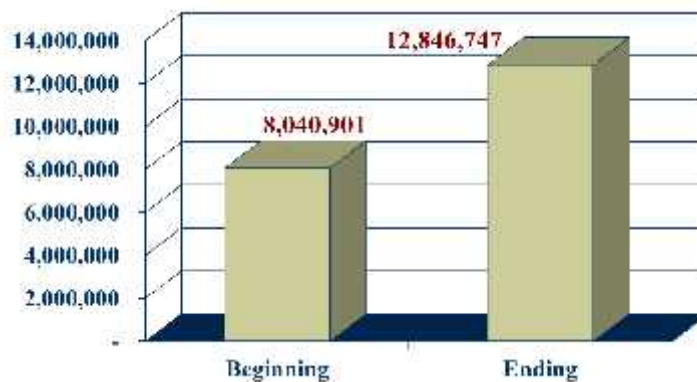
Ms. Reese stated “Going on to the next slide you will see that the Other Governmental Funds also had a Fund Balance increase this year. The reason behind it is pretty simple, the Fund Balance went from \$1.4 million to about \$5 million and that is an increase of about \$3.6 million and basically that is due to detention center funding that is in fund balance that has not yet been spent because you are still finishing that project. So most of that large increase there is simply just due to that.”

### Fund Balance- Other Governmental Funds



Ms. Reese continued “The next slide shows how the fund balance changed for All Governmental Funds in total from \$8 million to about \$12.8 million. Questions on the fund balance numbers?”

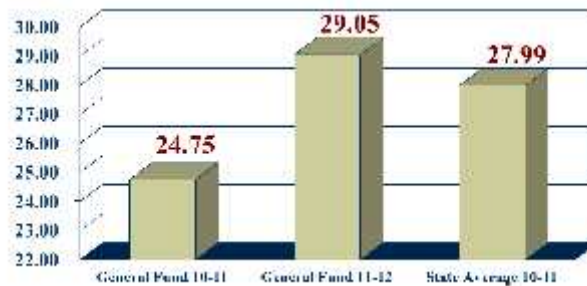
### Fund Balance- All Governmental Funds





Ms. Reese stated “We will concentrate on the general fund a little more in just a few minutes. The next slide is very important because basically this is a calculation that is used by the Local Government Commission to kind of see how counties are doing and how they do compared to their peers. Here you can see your Fund Balance available for Appropriation as a percentage (%) of Expenditures. That percentage for you last year was about 24.75% and this year it has gone to 29.05% and that is compared to the state average and last year the state average for counties of your size was 27.99%. Notice that you have gone from the lower part of the state average to up above what the state average was for last year. We only have state averages available for the prior year.”

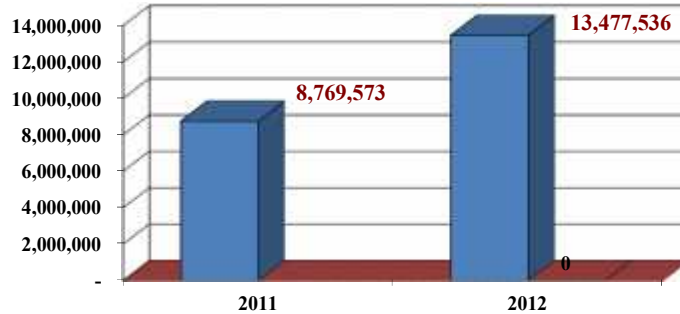
#### **Fund Balance Available for Appropriation- as a % of Expenditures**



Chair Lucas asked “Jennifer how much of that percentage involves the pass through money for the detention center? Are those funds considered part of that total?” Ms. Reese responded “We are talking about the general fund only so the detention center is not coming into play in this one. This is general fund numbers only and it’s a calculation that is basically done based upon the cash that is in the general fund and then what the liabilities are for the general fund. If you want to see a copy of where we are getting the numbers from Gwen has a copy of that because I sent her a copy of the sheet used to calculate that percentage. It is a percentage that is done by the LGC each year. Each year the LGC publishes a memo that is basically the management of cash and taxes and fund balance available and this one was for counties ending fiscal year June 30, 2011. They do this each year and it helps to show you how you compare to other counties that are your size. In the case of Caswell County you are in the category of Counties with a population below 25,000 because they have your population at about 23,676 so those are the size counties you are being compared to when you are looking at those numbers. It is a very interesting publication because when you are looking at counties size is not all that is important when it comes to looking at counties because as you, the Board, look at other counties that have similar interests as you, some may do water and sewer, some may do transportation, it is good to look at those numbers to see how they kind of compare to you.”

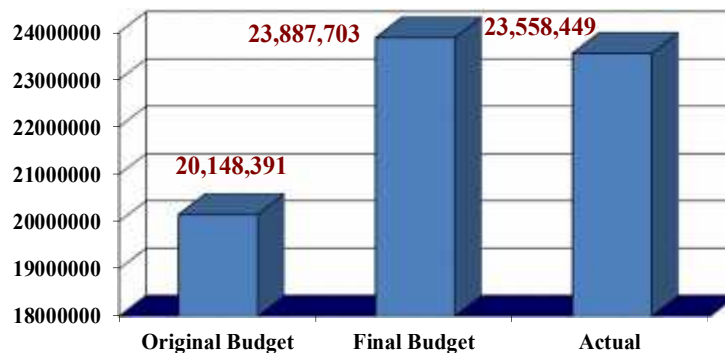
Ms. Reese continued “The slide we will look at Cash. Basically this year Cash went way up for the county as a whole. This is not just general fund, this is overall. It went from \$8,769,673 to \$13,477,536. That is an increase of about \$4.7 million and basically that is mainly due to the unspent proceeds from the detention center. You all have the debt but basically there is still money there that has not been spent yet because you are still working on that project. That is the main reason why the cash went up.”

### Cash



Ms. Reese stated “The next thing we are going to concentrate on is the General Fund which is what most of you are probably most interested in. We are going to look at General Fund Revenues and this is going to be on Exhibit 5 in the handout with the schedules. This is presenting the budget compared to the actual general fund. I added the revenues plus the transfers that are transferred in so that is why it may not match exactly. You can see that your original budget started out at about \$20.1 million, your final budget ended at \$23,887,703 and your actual came in at \$23,558,449. So it looks like if you are comparing your actual to your final budget compared to what you budgeted your revenues came in under budget by about \$329,000.”

### General Fund Revenues (includes transfers)



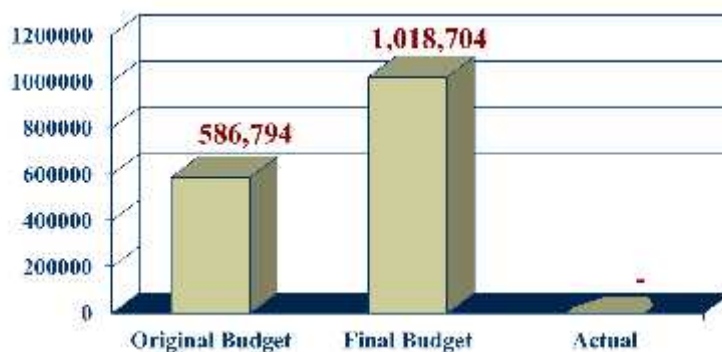
Ms. Reese continued “Looking at Expenditures for the General Fund your original budget was about \$20.7 million, your final budget came in at about \$24.9 million and your actual came in at \$22.4 million. You budgeted that you were going to spend \$24.9 million but you only spent \$22.4 million which the Board as well as the administration should be commended for being able to keep expenditures under budget. That worked out in your favor because you did not get as much in revenue as you had expected.”

### General Fund Expenditures (includes transfers)



Ms. Reese stated “The next topic we will look at will be Appropriated Fund Balance. Your appropriated fund balance is normally what the Board sets aside that they think when they do budgeting they think they will use of their fund balance during the next fiscal year. When you started your budget you projected that you would use about \$586,794 of the fund balance that you have. You ended up with a budget amount of \$1 million approximately of how much you were going to use however you did not end up using any of it which is great. You ended up coming out to the good \$1,110,255 so you came in high above what you expectations were. It is always good to come in high above you expectations than to be below you expectations. The great was you did not have to use any fund balance.”

#### **Appropriated Fund Balance**



Commissioner Hall stated “That means that we did not do something that we planned to do.” Ms. Reese responded “Could be. That is something that you would probably have to evaluate.” Commissioner Hall continued “Well just looking at the original budget and then we amended it up to whatever it went to we planned to do something. I guess I can ask staff this question but it is just not great that we did not spend a million dollars.”

Chair Lucas asked “What was it that we over budgeted?” Ms. Vaughn responded “Some of the capital projects were not completed. We budgeted the full amount but we did not spend it all in that fiscal year budget. We are still working on those projects now.” Chair Lucas continued “So what you are saying is we budgeted it in one year and it was expended in the next year.” Commissioner Hall responded “It has not been expended yet.” Ms. Reese stated “So obviously you deviated from your plan in some manner than what you had originally intended.” Commissioner Hall stated “I just wanted to note that it is not great that we did not spend it because we planned to do something.” Ms. Reese responded “Right and you might still be planning to spend it but it will just do into a different fiscal year.”

Chair Lucas asked “Jennifer if you could go back to Exhibit 5 and just go through that one more time and explain the original budget and the actual budget.” Ms. Reese responded “The first column is your original budget. Basically that is what you all set up during your original budget and that is usually done in June, you have to pass a budget by June 30<sup>th</sup> for the next fiscal year. That is what is in that first column. The second column is the final budget which is what you done after you did budget amendments during the year and what you final budget came out to be. In the actual column is what was actually spent and received during the year. You can see when you look at the revenues it looks like it was kind of over budgeted in restricted intergovernmental. That is the one that you see that has a negative variance.” Chair Lucas asked “Restricted intergovernmental that is grants?” Ms. Reese responded “That is right and it is

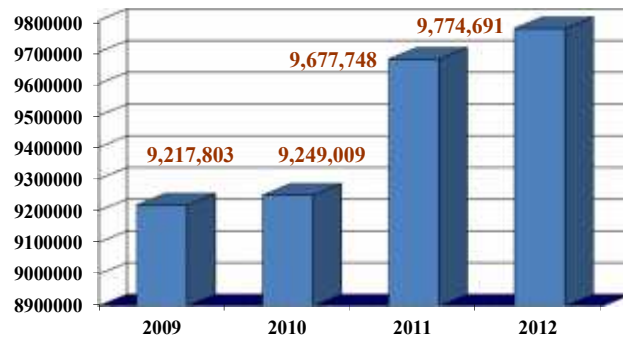
something difficult to budget grants because let say for example with Social Services sometimes you don't know how much you will be receiving. Another thing could be grants let's say it could be related to a project some grants the way they work is you have to spend the money before you can get the money but as far as what was budgeted that is something that Kevin or Gwen could look more into if you are interested into why that was under so much." Chair Lucas continued "So the revenues came under \$720,975?" Ms. Reese responded "Yes, \$720,975. Then looking at the expenditures some of those were off a little bit. Some of those could be the projects that you did not do in this fiscal year. For expenditures in the final budget were about \$23.4 million and the actual came in at \$20.9 million so you came out to the good about \$2.4 million there that was favorable. If you will look at the Other Financing Sources (Uses) section you will see the appropriated fund balance which was money that was set aside in the original budget that you were expecting to use." Chair Lucas asked "So I just want to point out the \$2,445,710 that was in excess?" Ms. Reese responded "That was favorable. You thought you were going to spend \$23.4 million but you only spent \$20.9 million. It is in your favor that it ended that way. It could have been due to the projects that you did not finish and that is something that administration can explain more to you." Chair Lucas asked "The total capital projects were around \$700,000, is that what was in capital?" Mr. Howard responded "If you will look at the restricted intergovernmental revenues that were negative because we did not have any revenues come in so we did not spend the money down in Human Services in the expenditure section. That is about \$1.2 million of that number right there. We budgeted the revenue and the expense but we did not get the revenue so we did not the expense. That shows a positive gain there but it is not." Chair Lucas continued "So you could take that amount off the \$2.4 million?" Mr. Howard responded "Yes." Chair Lucas asked "Coming on down, Jennifer, to the Fund Balance, the \$1,110,255?" Ms. Reese responded "Yes and that is added to your fund balance so it makes it \$7,447,898."

Commissioner Carter asked "Do you have the percentage of fund balance?" Mr. Howard responded "The percentage now is 29.5%."

Chair Lucas stated "Jennifer if I may and Fellow Board members I would just like to call attention to the fact that that is an excess amount over coming on the heels of tax season where the taxpayers are having to come up with their tax payments and tax bills and approaching the budget season and putting together a new budget I certainly hope that we will consider by department what we are budgeting and if we are really over budgeting in these departments, the numbers are pretty true here so..." Mr. Howard responded "We are working on a breakdown to show you were that \$1.2 million came from and some is like she said it was budgeted in one fiscal year but did not get expended in that fiscal year." Chair Lucas continued "We need to see that prior to going into budget season." Ms. Reese stated "A lot of this is a timing issue. You may budget now but not spend it until the next year. Any other questions you would like to ask about Exhibit 5?"

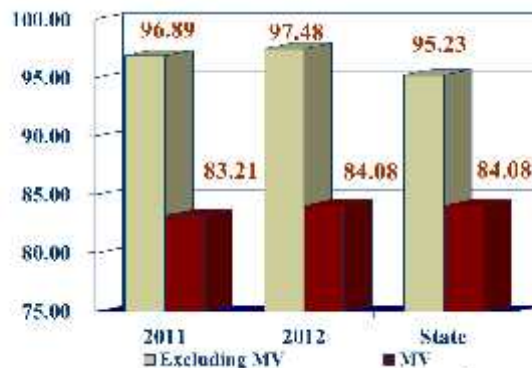
Ms. Reese stated "The next slide is on the tax levy. What you see here is a comparison of the tax levy from 2009 to 2012. Between 2010 and 2011 that is when the tax rate changed here so that is why you see the large difference there. It was .629 in 2010 and went to .659 in 2011. In 2012 it picked up a little bit and some of that is because motor vehicles changed. This goes along with the schedule in your packet, Exhibit F2, if you want to look at that."

### Adjusted Tax Levy



Ms. Reese continued “The next topic goes along with the same schedule and this is your Tax Collection Percentages. This is looking at excluding motor vehicles and motor vehicles and comparing them. Last year’s numbers excluding motor vehicles was 96.89% and this year it is up to 97.48% and motor vehicles went from 83.21% to 84.08% this year. Where it says State, that is looking at the state averages for last year for counties of your size. You can see the State average is 95.23% and motor vehicles 84.08% so you are right on the mark when it comes to motor vehicles with other counties of your size and you are doing better than other counties of your size when it comes to the taxes excluding motor vehicles. You can see on the schedule here your overall percentage was 96.39%. Questions about the tax collections percentages or the levy?”

### Tax Collection Percentages



Ms. Reese stated “The last thing here deals with the Governmental Fund Debt. Basically it went from \$4.1 million last year to \$12.4 million and that is up by \$8,293,185 and the reason for that is the new detention center debt of \$8.567 million.”

### Governmental Fund Debt



Ms. Reese stated “That is all I had to present. I know that you have had a chance to look at the audit so if you have any questions about the audit or any of the stuff in it, I would like to say thank you to Kevin and Gwen and the Finance Department and Administration for all their help and I will open it up to any questions that you may have.”

Commissioner Hall asked “In the audit report in one of the schedules there was a listing of the write offs in the Tax Department for this year and I think it was about twenty-five or twenty-six thousand dollars and went back about 10 years. I am just wondering kind of out loud since our taxes apply, and this is ad valorem taxes, to property...” Ms. Reese responded “You are talking about the schedule F-1 there is basically an amount down here that is showing as written off. It is something that we write off in receivables as part of the audit, we don’t include that in our taxes receivable anymore but because after 10 years we can’t. It is not saying that the Tax Office does not keep a record of those.” Commissioner Hall continued “I understand but I guess for this Board and we can talk about this later but once it is written off I doubt if anybody goes back to it. They just don’t so my question is as you looked at it what was in there that made it uncollectible, I mean it is attached to land?” Ms. Reese responded “Right, I would have to go back and look at the detail but I will be happy to get back with you on it.” Commissioner Hall asked “I guess this is more of a general question, if the tax is attached to property and the property still exist why don’t we collect it?” Ms. Reese responded “Right. So your question is what types of taxes are being written off?” Commissioner Hall responded “Right and that might be more appropriate for our tax collector. I am just throwing this out now because you are making a report.” Ms. Reese responded “I understand. I will see what information I have on it and then if I don’t have information on it I will let you know so we can investigate further with him.”

Chair Lucas asked “Did I understand you to say that this has already been forwarded to the LGC?” Ms. Reese responded “Yes. This has been forwarded to the LGC but if there are changes that we need to make that is not a problem. We don’t release it to any agencies or anything until the LGC approval has been obtained.”

Commissioner Hall asked “Suppose we don’t like what you wrote?” Ms. Reese responded “Then we can change it, no problem. You tell me what you don’t like and we will get together on it. It is not set in stone; when the LGC is reviewing it they are reviewing more than numbers and that type thing like what we went over tonight so if there is anything like responses and that type thing that you want to change we can forward those responses to them.”

Chair Lucas stated “Jennifer, I am going to have to bring up the Compliance Section, I think you need to explain the findings if you would be so kind as to do that.” Ms. Reese responded “Sure. In the back of the report and you don’t have a copy of it so if you want to look at it on your iPad you are welcome to or I can just try to do a little brief explanation. One of the things we do is when we come to the county we look at various programs and a lot of the times they are ones at Social Services. In the back of the report is where we write up any findings that we have.”

Chair Lucas stated “It is on page 137 and 138.” Ms. Reese continued “We discussed these with Ms. Lucas when we did the audit committee meeting. We basically did a conference call with her, Kevin and Gwen, myself and Mr. Winston and we discussed the findings that were in the back of the report. If you have had a chance to look at them, I will assume that you have at least read through them maybe, but I will just touch on the highlights. Basically we are required as

part of the audit to do a single audit which is where we look at various programs. The main part that I am going to concentrate on is at the top there is a roman numeral II at the top and it says Financial Statement Findings.” Mr. Howard stated “It is on page 250 on the iPads.” Ms. Reese continued “The first one we are going to look at is the Financial Statement Findings and that is excess of expenditures over appropriations. Does everybody see what I am looking at? Basically what this is saying is we found a couple of instances where there were things that were spent that had not been budgeted appropriately. Sometimes we have small items like this and for small items we don’t normally put it in the back of the report because it is not a material amount of money but you did have a case this year where there was a transfer from the detention center to the general fund that had not been budgeted. My understanding was it was a transfer of money that had originally been put in the detention center to handle costs until the new bond funding was received and this was payment of that back. I did not find any budget amendments in the budgets that I was given that went along with that and that is why it is found in the back of the report. Any questions you want to ask about that one? The next one deals more with Federal Award Findings and Questioned Costs. We go to Social Services and look at various programs while we are there. The State has asked us to be very particular when we go to Social Services because the State includes the samples that we pull as part of their federal sample so they want to be sure that everything that we are including in our sample is correct because the Fed is looking at that as part of the State sample. When we looked at some stuff we found some issues in a couple of programs. The first thing you see here 12-2 this one deals with the HUD program. There are still some financial statements that we are trying to get filed correctly with HUD. HUD has lots of specifications basically and there have been unaudited financial statements filed but the problem we are having now is they have asked that balances back to 2003 be assessed and put in a certain category and at this time Gwen and the HUD staff are trying to work on trying to get that straight. All of a sudden and I don’t know why all of sudden they want to go back now to evaluate something that happened that many years ago and I can’t explain that but she is in the process of getting everything together to try to get those balances straight. That is what that one deals with, trying to get those submitted.”

Commissioner Hall stated “That is one that I probably would disagree with what you wrote because if you read this by itself you will not get what you just said to us. I did not have a clue what 12.2 was saying.” Ms. Reese responded “Okay I will be happy to...we’ll talk about it.” Ms. Vaughn stated “It is a general statement of...” Commissioner Hall responded “That is not what I am concerned about. What I am concerned about the finding, what was she writing, what was the CPA firm writing about in 12.2. What did they find that they were writing about? What they said was they found some reports that needed to be filed.” Ms. Reese stated “Right.” Commissioner Hall continued “That is not in here as I read it.” Ms. Reese stated “So you just want us to be more specific.” Commissioner Hall responded “Yes and this is the problem I have with this going to the LGC and people around the world before we have had a chance to look at it because it is just not clear.” Ms. Reese stated “We will try to get that cleared up. Anything else on that one? The next one deals with Medicaid, that is 12-3 towards the bottom of that page. Basically this is where we look at some files for Medicaid. We normally choose a sample of 60 files for Medicaid. Medicaid is a very large program here. Just giving you some numbers to let you know how large it is for this county. Medicaid Direct Funding which means money that is paid for Medicaid for Federal is about \$20.5 million and for State it is about \$12 million so it is a lot of money involved in Medicaid. Basically the county has the responsibility of determining

eligibility for Medicaid. We looked at some files and we found an error in a file basically where somebody had received benefits that they should not have been eligible.”

Commissioner Hall asked “How much did they get?” Ms. Reese responded “We can only look at a particular month. How much they got in total, I don’t know and we called the Medicaid office and they basically put us off.” Commissioner Hall continued “The reason I asked is because this says significant deficiency and you just told us \$20.5 million and \$12 million and that is \$32 million so to be significant.” Ms. Reese responded “You are saying dollar wise is significant, basically the Medicaid people told us if you call a case into question basically it calls into question all the benefits they have received. We went to training for this and we were told that we could easily call them and get the amounts but you know things don’t always work as they are set forth and when we called over there they said well the county has to request it and it may be six to eight weeks so at this time we don’t have an exact amount. We are looking at it as being a significant deficiency because if this thing is occurring more often then it could cause problems. When we are looking at it we are only looking at a sample. We were asked by the state if we found problems that we should list it as a finding and basically the state is taking responsibility that they are following up on it. I don’t know if that answers your question. As far as how much money was involved I can’t answer that.” Commissioner Hall stated “I am just trying to get to the significance and what was significant out of \$32 million.”

Chair Lucas asked “It was one issue out of 65 files, is that what you said?” Ms. Reese responded “Yes but that person should not have been eligible.”

Ms. Reese stated “There are two different types of wording used there: significant deficiency and material weakness. This one is on the next page. This is 12-4 and I will get you a little background. This deals with the Low Income Home Energy Assistance Block Grant. This is funding that is offered about 2 months out of the year. It basically gives fuel costs to people that go in and need assistance. There have been a lot of changes to the program but they did have a priority so it was given to seniors and disabled residents. They could get the funding first when it became available. We found an incidence where somebody received funding that did not meet the priority definition. This funding was about \$200 to \$400, no it was not material Mr. Hall but as I said we are asked by the State to write this stuff up and the reason the State is interested in it is because they include these files are part of their sample and they are not going to want to include files in their sample that the federal government could come and look at if we are finding issues in it. We have already been called and they are investigating this on their end. Basically we were told by the State you let us find what you found wrong and we handle it from there.”

Commissioner Hall stated “This is one that I did not have a clue about what you were talking about until you said what you just said, what happened and what department it was.” Ms. Reese responded “If you will look above where it says 12-4 above that it says Program Name: Low Income Home Energy Assistance Block Grant.” Commissioner Hall continued “I have one more request Madam Chairman, I can problem read 9 or 10 font but this is too small.” Ms. Reese responded “Okay so you want me to make it bigger.” Commissioner Hall stated “Yes please.” Ms. Reese responded “I will write that down. Any other questions that you want to ask about the findings? If you have comments or things that you want to see changed about things that we



could better write up so you can better understand it please feel free to contact me, you have my email address and we can go from there.”

Chair Lucas stated “Jennifer I think that we will probably be talking about it and discussing it collectively again.” Ms. Reese responded “That is fine. If you want to write it up collectively and send it to me that will be perfectly fine. However you want to do it is fine.”

Chair Lucas asked “Are there any other questions for Ms. Reese? Thank you for your time.” Ms. Reese responded “Thank you for your time.”

### RECESS

The Board took a brief recess.

### APPROVAL OF THE AMENDMENT FOR THE RECLASSIFICATION OF THE HAW RIVER WATERSHED AREA TO A WS-IV WATERSHED

Mr. Collie asked “Would the Board like for me to go back over a summary of the reclassification at this time?” Chair Lucas responded “Only if Commissioner Hall who was not here wants you to.” Commissioner Hall stated “I read over it.” Mr. Collie continued “On December 17<sup>th</sup> I went over the reclassification at that point and there was a member missing. Due to the policing power of the board for this reclassification text amendment it needed a full seat to take the vote. I believe there was a vote that pass at that time on December 17<sup>th</sup> but everybody needs to be present in order for it to be put into effect.”

Mr. Ferrell stated “The long and the short of it is for an ordinance to be passed under your police power if it does not get a unanimous approval by all board members at its first introduction it has to be passed within 100 days of its first reading. You will have to pass it by a majority vote in order for it to be enacted. That is the exercise you are going through tonight.” Chair Lucas asked “But not unanimous, just by majority?” Mr. Ferrell responded “That is exactly right. If it does not get a unanimous approval at the first one you have to bring it back and if it gets a majority within 100 days it is approved and that is what you are doing.”

Commissioner Travis moved, seconded by Commissioner Williamson to approve the Amendment for the Reclassification of the Haw River Watershed area to a WS-IV watershed. The motion carried by a vote of six to one with Commissioner Lucas voting no.

### COUNTY MANAGER’S REPORT AND UPDATES Commissioner Upcoming Educational Opportunities

Mr. Howard stated “What I have in your packets is a listing of School of Government Elected Officials Academy courses that are coming up over the next several months. I just wanted to remind the Board if you are interested in taking these trainings let us know. Also the newly elected commissioners need to take the Ethics course and these courses include that. The Ethics course online has not been offered as of yet.”

Chair Lucas asked "So for newly elected commissioners they do have to repeat the ethics training?" Mr. Howard responded "Correct, re-elected or newly elected."

### Connector

Mr. Howard stated "The connector was discussed at the last meeting; the architects are not completely finished with that. They are waiting on a couple of rulings on code from the State. I think they have those now so it should be brought up at the next commissioners meeting."

Chair Lucas asked "Is Mr. Doyne no longer with the project, is that correct?" Mr. Howard responded "Correct, he took another position. There was another here working on that project and he is still here working on the project and they are sending others in to help cover Mr. Doyne's absence."

### ANNOUNCEMENTS AND UPCOMING EVENTS

- A. Joint Meeting with the Town of Yanceyville and the Town of Milton – Thursday, January 10, 2013 at 6:00 p.m. at the Yanceyville Municipal Building.

Chair Lucas stated "I hope that everybody can be in attendance for that."

Commissioner Hall stated "Madam Chairman I would like to if I could include in that announcement that I have invited representatives from East Carolina University to be present at that meeting to talk about entrepreneurship and do a survey of the county or at least talk about it if that is what the local governments want. To do a survey of the entrepreneur climate of Caswell County and this all has to do with economic development."

### CLOSED SESSION

Commissioner Hall moved, seconded by Commissioner Travis to discuss matters relating to economic development (NCGS 143-318.11(a)(4)) and to consider the compensation, terms of appointment and performance of an individual public officer (NCGS 143-318.11(a)(6)). The motion carried unanimously.

### REGULAR SESSION

Commissioner Travis moved, seconded by Commissioner Carter to resume regular session. The motion carried unanimously.

ADJOURNMENT

At 8:30 p.m. Commissioner Hamlett moved, seconded by Commissioner Williamson to adjourn.  
The motion carried unanimously.

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Paula P. Seamster  
Clerk to the Board

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Cathy W. Lucas  
Chair

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